



AT SYSTEMATIZATION BERHAD

[REGISTRATION NO. 200401006297 (644800-X)]
(INCORPORATED IN MALAYSIA)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**



Unaudited Condensed Consolidated Statements of Financial Position
As At 31 December 2023

	(Unaudited) As At 31.12.2023 RM '000	(Audited) As At 31.03.2023 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	119,663	123,765
Right-of-use assets	26,992	25,972
Investment in associates	79,376	88,682
Marketable securities	10,960	11,565
Receivables, deposits and prepayments	4,325	4,325
	241,316	254,309
Current assets		
Inventories	7,651	9,303
Trade receivables	6,356	7,253
Other receivables, deposits and prepayments	4,478	4,738
Tax assets	188	252
Money market instruments	18,288	21,097
Cash and bank balances	4,818	39,326
	41,779	81,969
Assets held for sale	18,636	18,636
	60,415	100,605
TOTAL ASSETS	301,731	354,914
EQUITY AND LIABILITIES		
Equity		
Share capital	487,943	480,444
Share option reserve	-	35
Warrant reserve	9,261	9,261
Translation reserve	1,148	1,191
Revaluation reserve	6,524	5,630
Accumulated losses	(256,253)	(239,283)
Total equity	248,623	257,278
Liabilities		
Non-current liabilities		
Finance lease payables	3,951	2,725
Lease liabilities	775	1,307
Bank borrowings	3,341	6,309
	8,067	10,341
Current liabilities		
Trade payables	3,819	5,803
Other payables & deposits	36,681	46,225
Contract liabilities	485	485
Tax liabilities	3	-
Finance lease payables	1,726	1,965
Lease liabilities	708	723
Bank borrowings	1,619	32,094
	45,041	87,295
Total liabilities	53,108	97,636
TOTAL EQUITY AND LIABILITIES	301,731	354,914
Net assets per share (Sen)	3.66	4.29

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2023 and the accompanying explanatory notes attached to the interim financial report.



Unaudited Condensed Consolidated Statements of Comprehensive Income
For the Period Ended 31 December 2023

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		9 Months Ended	
	31.12.2023 RM '000	31.12.2022 RM '000	31.12.2023 RM '000	31.12.2022 RM '000
Revenue	8,204	16,426	27,717	50,227
Cost of sales	(7,993)	(19,785)	(28,540)	(64,786)
Gross profit/(loss)	211	(3,359)	(823)	(14,559)
Other income	3,997	4,454	5,843	2,474
Administrative and general expenses	(3,243)	(4,306)	(9,173)	(11,333)
Selling and distribution expenses	(10)	(14)	(69)	(112)
	(3,253)	(4,320)	(9,242)	(11,445)
Net (loss)/gain on financial instruments	491	(135)	(542)	(3,886)
Other expenses	(49)	-	(557)	(300)
Profit/(Loss) from operations	1,397	(3,360)	(5,321)	(27,716)
Finance costs	(189)	(993)	(1,264)	(2,822)
Share of profit/(loss) of associates	(2,485)	6,787	(10,123)	9,194
Profit/(Loss) before tax	(1,277)	2,434	(16,708)	(21,344)
Taxation	(256)	(4)	(262)	(15)
Profit/(Loss) for the period	(1,533)	2,430	(16,970)	(21,359)
Attributable to:-				
Owners of the Company	(1,533)	2,430	(16,970)	(21,359)
Non-controlling interests	-	-	-	-
	(1,533)	2,430	(16,970)	(21,359)
Earnings/(Loss) per share attributable to owners of the Company (sen)				
- Basic	(0.04)	0.04	(0.25)	(0.36)
- Diluted	(0.04)	0.04	(0.25)	(0.36)

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial period year 31 March 2023 and the accompanying explanatory notes attached to the interim financial report.



Unaudited Condensed Consolidated Statements of Comprehensive Income
For the Period Ended 31 December 2023

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.12.2023 RM '000	31.12.2022 RM '000	31.12.2023 RM '000	31.12.2022 RM '000
Profit/(Loss) for the period	(1,533)	2,430	(16,970)	(21,359)
Other comprehensive loss:-				
<i>Item that will not be reclassified subsequently to profit or loss</i>				
Revaluation increase/ (decrease) on:				
- property, plant and equipment	-	-	-	-
- right-of-use assets	-	-	-	-
<i>Item that may be reclassified subsequently to profit or loss</i>				
Share of other comprehensive income/(loss) of associates	776	582	816	261
Total comprehensive (loss)/profit for the financial period	(757)	3,012	(16,154)	(21,098)
Attributable to:-				
Owners of the Company	(757)	3,012	(16,154)	(21,098)
Non-controlling interests	-	-	-	-
Total comprehensive (loss)/profit for the period	(757)	3,012	(16,154)	(21,098)

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2023 and the accompanying explanatory notes attached to the interim financial report.



Unaudited Condensed Consolidated Statements of Changes in Equity
As At 31 December 2023

	←----- Attributable to Owners of the Company ----->						
	←----- Non-Distributable ----->						
	Share Capital RM '000	Share Option Reserve RM '000	Revaluation Reserve RM '000	Warrant Reserve RM '000	Translation Reserve RM '000	Accumulated Losses RM '000	Total Equity RM '000
Unaudited							
At 1 April 2023	480,444	35	5,630	9,261	1,191	(239,283)	257,278
Profit/(Loss) for the financial period	-	-	-	-	-	(16,970)	(16,970)
Other comprehensive loss for the financial period	-	(35)	894	-	(43)	-	816
Total comprehensive income/(loss) for the period	-	(35)	894	-	(43)	(16,970)	(16,154)
Transactions with owners							
Proceeds from private placement	5,461	-	-	-	-	-	5,461
Share issuance expenses	(108)	-	-	-	-	-	(108)
Share-based payments	-	478	-	-	-	-	478
Exercise of share options	2,146	(478)	-	-	-	-	1,668
Total transactions with owners	7,499	-	-	-	-	-	7,499
At 31 December 2023	487,943	-	6,524	9,261	1,148	(256,253)	248,623



Unaudited Condensed Consolidated Statements of Changes in Equity
As At 31 December 2023

	←----- Attributable to Owners of the Company ----->						
	←----- Non-Distributable ----->						
	Share Capital RM '000	Share Option Reserve RM '000	Revaluation Reserve RM '000	Warrant Reserve RM '000	Translation Reserve RM '000	Accumulated Losses RM '000	Total Equity RM '000
Audited							
At 1 April 2022 (Restated)	478,425	295	5,344	9,261	427	(156,538)	337,214
Profit/(Loss) for the financial period	-	-	-	-	-	(82,745)	(82,745)
Other comprehensive loss for the financial period	-	(260)	286	-	764	-	790
Total comprehensive income/(loss) for the period	-	(260)	286	-	764	(82,745)	(81,955)
Transactions with owners							
Share-based payments	-	301	-	-	-	-	301
Exercise of share options	2,019	(301)	-	-	-	-	1,718
Total transactions with owners	2,019	-	-	-	-	-	2,019
At 31 March 2023	480,444	35	5,630	9,261	1,191	(239,283)	257,278

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2023 and the accompanying explanatory notes attached to the interim financial report.



Unaudited Condensed Consolidated Statements of Cash Flows
For the Period Ended 31 December 2023

	Current Period To-Date 31.12.2023 (Unaudited) RM'000	Preceding Year Corresponding Period 31.12.2022 (Unaudited) RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	(16,708)	(21,344)
Adjustments for :-		
Share of (profit)/loss of associates	10,123	(9,194)
Fair value adjustments on share options	478	301
Fair value loss/(gain) on investment in quoted shares	654	2,510
Other non-cash and non-operating items	8,723	11,565
Operating profit/(loss) before working capital changes	3,270	(16,162)
Decrease/(Increase) in inventories	1,651	17,926
(Increase)/Decrease in receivables	1,186	69
Increase/(Decrease) in payables	(11,614)	(866)
Cash (used in)/generated from operations	(5,507)	967
Net (tax paid)/tax refund	(196)	(15)
Net cash (used in)/from operating activities	(5,703)	952
Cash flows from investing activities		
Distribution income on money market instruments	64	73
Interest income	423	869
Net (investment)/withdrawal in short term fixed deposit	31,656	-
Proceeds from disposal of quoted shares	2,864	-
Investment in quoted shares	(2,808)	(10,050)
Proceeds from disposal of property, plant and equipment	368	-
Purchase of property, plant and equipment	(2,787)	(7,075)
Net cash from/(used in) investing activities	29,780	(16,183)



Unaudited Condensed Consolidated Statements of Cash Flows
For the Period Ended 31 December 2023

	Current Period To-Date 31.12.2023 (Unaudited) RM'000	Preceding Year Corresponding Period 31.12.2022 (Unaudited) RM'000
Cash flows from financing activities		
Proceeds from exercise of share options	1,668	1,718
Proceeds from private placement	5,461	-
Share issuance expenses	(108)	-
Interest paid	(2,323)	(1,708)
Net (repayments)/drawdown of finance lease payables	(3,224)	386
Net repayment of term loans	(32,066)	(1,501)
Net cash (used in)/from financing activities	(30,592)	(1,105)
Effects of exchange rate changes on cash and cash equivalents	1,185	(831)
Net increase/(decrease) in cash and cash equivalents	(5,330)	(17,167)
Cash and cash equivalents brought forward	26,404	39,549
Cash and cash equivalents carried forward	21,074	22,382
Represented by:-		
Placement of deposits with bank	2,032	69,091
Cash and bank balances	2,786	7,131
Money market instruments	18,288	15,524
Bank overdraft	-	(273)
	23,106	91,473
Less: Deposits pledged with bank	(2,032)	(69,091)
	21,074	22,382

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2023 and the accompanying explanatory notes attached to the interim financial report.

A1) Basis of Preparation

The interim financial report is unaudited and has been prepared in compliance with Malaysian Financial Reporting Standard (“MFRS”) 134: “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“MASB”), Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 March 2023. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2023.

A2) Changes in Accounting Policies

Adoption of MFRSs, Amendments to MFRSs and IC Interpretations

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 March 2023, except for the following which were adopted at the beginning of this quarter:

	Effective for annual periods beginning on or after
MFRSs/Amendments to MFRSs	
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101 and MFRS Practice Statement 2 Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 Disclosure of Accounting Estimates	1 January 2023
Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 17 Initial Application of MFRS 9 and MFRS 17 -Comparative Information	1 January 2023

A2) Changes in Accounting Policies (Cont'd)

Standards in issue but not yet effective

As at the date of authorisation of this interim financial report, the following new Malaysian Financial Reporting Standards ("MFRS") and amendments to MFRSs have been issued by the MASB but are not yet effective and have not been adopted by the Group:-

MFRSs/Amendments to MFRSs	Effective for annual periods beginning on or after
Amendments to MFRS 16 Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101 Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 101 Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 101 Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further noticed

The Group will adopt the above MFRS and amendments to MFRS when they become effective in the respective financial periods.

A3) Seasonal or Cyclical Factors

The Group sells its products and services to customers from various sub-sectors of the semiconductor and manufacturing industries. The Group's performance is, to certain extent, dependent on the outlook and cyclical nature of these semiconductor and manufacturing industries.

A4) Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current period under review.

A5) Material Changes in Estimates

There were no material changes in estimates of amounts reported in the prior financial year that have a material effect in the current period under review.

A6) Debt and Equity Securities

Saved as disclosed below, there was no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial period under review:-

- 1) Issuance of new ordinary shares pursuant to the exercise of share options:-

	Individual Quarter 3 Months Ended 31.12.2023		Cumulative Quarter 9 Months Ended 31.12.2023	
	No. of shares '000	RM '000	No. of shares '000	RM '000
Exercise of share options	-	-	185,420	1,668

- 2) On 3 April 2023, the Company completed a Private Placement following the listing and quotation of 600,062,000 Placement Shares on the ACE Market of Bursa Securities. Total cash proceeds of RM5.46 million was raised and fully utilised for repayment of bank borrowings.

A7) Dividend Paid

There was no dividend paid in the current quarter under review.

A8) Valuation of Property, Plant and Equipment

The carrying values of property, plant and equipment have been brought forward, without amendment from the previous audited financial statements.

A9) Material Events Subsequent to the end of the Financial Period

There were no material events subsequent to the end of the financial period up to the date of this report.

A10) Changes in the Composition of the Group

There were no material changes in the composition of the Group for the current quarter and financial period-to-date.

A11) Contingent Liabilities or Contingent Assets

The Group has no material contingent liabilities save for the corporate guarantees provided by the Company to financial institutions for credit facilities, and to suppliers for credit terms granted to subsidiaries of up to a total limit of approximately RM31,068,000. Total utilisation of these credit facilities as at 31 December 2023 amounted to approximately RM12,923,000. There were no material contingent assets to be disclosed as at the date of this report.

A12) Capital Commitment

As of 31 December 2023, capital commitment of the Group are as follows:-

	RM'000
Approved and contracted for	-
Contracted but not provided for:-	
(i) Capital expenditure for the Group's glove business	1,042
(ii) Capital expenditure for the Group's fabrication business	-
	<u>1,042</u>

A13) Related Party Transactions

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.12.2023 RM '000	31.12.2022 RM '000	31.12.2023 RM '000	31.12.2022 RM '000
Purchases from associates	55	-	266	-
Sale to associates	-	15	6	83
Rental income from associates	60	60	180	160
Rental expense to associates	202	-	607	-

A14) Fair Value Measurements

- (a) Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:-

Level 1 : Quoted price in active markets for identical assets or liabilities.
Level 2 : Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability.
Level 3 : Inputs for the asset or liability that are not based on observable market data.

- (b) The following table provides the fair value measurement hierarchy of the Group's financial instruments:-

	<--Fair value of financial instruments-->				Carrying amount RM'000
	carried at fair value			Total RM'000	
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
Group - 31.12.2023					
Financial assets					
- Investment in quoted shares	10,960	-	-	-	10,960
- Investment in money market instruments	18,288	-	-	-	18,288
	<u>29,248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,248</u>

Explanatory Notes Pursuant to Malaysia Financial Reporting Standard 134
For 9 Months Ended 31 December 2023

A15) Revenue

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.12.2023 RM '000	31.12.2022 RM '000	31.12.2023 RM '000	31.12.2022 RM '000
<u>Fabrication:</u>				
(i) Fabrication of customised parts	7,131	12,900	25,574	34,710
(ii) Servicing charges	278	36	337	80
<u>Sheet metal & automation:</u>				
(i) Sheet metal fabrication	107	382	226	734
(ii) Design & assembly	-	1,916	-	5,361
Solar renewable energy	162	163	518	521
Gloves	526	1,029	1,062	8,821
	<u>8,204</u>	<u>16,426</u>	<u>27,717</u>	<u>50,227</u>
Goods or services transferred:				
- at a point in time	8,204	14,510	27,717	44,866
- over time	-	1,916	-	5,361
	<u>8,204</u>	<u>16,426</u>	<u>27,717</u>	<u>50,227</u>

A16) Segmental Information

The segmental information of the Group is presented by operating segments as follows:-

- (a) **Fabrication and automation** – Fabrication of industrial & engineering parts and sheet metal; Design and manufacturing of industrial automation systems and machinery;
- (b) **Renewable energy and property** – Renewable energy operator; Property letting;
- (c) **Gloves** – Manufacturing and sale of medical grade nitrile gloves;
- (d) **Others** – Investment holding and provision of management services to subsidiaries, neither which are of a sufficient size to be reported separately.



Notes to the Unaudited Interim Financial Report
For 9 Months Ended 31 December 2023

A16) Segmental Information (Cont'd)

Cumulative Period Ended 31.12.2023

	Fabrication and automation RM '000	Renewable energy and property RM '000	Gloves RM '000	Others RM '000	Adjustment & Eliminations RM '000	Total RM '000
Revenue						
External revenue	26,138	517	1,062	-	-	27,717
Inter-segment revenue	-	-	-	1,170	(1,170)	-
Total revenue	26,138	517	1,062	1,170	(1,170)	27,717
Results						
Interest income	7	-	-	354	-	361
Finance costs	(502)	-	(23)	(739)	-	(1,264)
Share of profit/(loss) of associates	-	-	-	(10,123)	-	(10,123)
Segment profit/(loss) before tax	(4,319)	511	(2,835)	(10,065)	-	(16,708)
Taxation	(7)	-	-	(255)	-	(262)
Segment profit/(loss) after tax	(4,326)	511	(2,835)	(10,320)	-	(16,970)
Other material non-cash items:						
- Depreciation	(3,793)	(365)	(4,683)	(46)	-	(8,887)
- Unrealised gain/(loss) on foreign exchange	(33)	-	-	923	-	890
- (Impairment loss)/Reversal of impairment on:						
(i) loan & receivables	(71)	-	(1)	-	-	(72)
- Fair value gain/(loss) on quoted shares	(654)	-	-	-	-	(654)
- Share options expenses	(376)	-	-	(102)	-	(478)



Notes to the Unaudited Interim Financial Report
For 9 Months Ended 31 December 2023

A16) Segmental Information (Cont'd)

Cumulative Period Ended 31.12.2022

	Fabrication and automation RM '000	Renewable energy and property RM '000	Gloves RM '000	Others RM '000	Adjustment & Eliminations RM '000	Total RM '000
Revenue						
External revenue	40,885	521	8,821	-	-	50,227
Inter-segment revenue	-	-	-	1,740	(1,740)	-
Total revenue	40,885	521	8,821	1,740	(1,740)	50,227
Results						
Interest income	7	-	1	1,246	-	1,254
Finance costs	(575)	-	(52)	(2,195)	-	(2,822)
Share of profit/(loss) of associates	-	-	-	9,194	-	9,194
Segment profit/(loss) before tax	(4,536)	470	(24,831)	7,553	-	(21,344)
Taxation	(15)	-	-	-	-	(15)
Segment profit/(loss) after tax	(4,551)	470	(24,831)	7,553	-	(21,359)
Other material non-cash items:						
- Depreciation	(3,162)	(446)	(5,300)	(104)	-	(9,012)
- Unrealised gain/(loss) on foreign exchange	(288)	-	-	(833)	-	(1,121)
- (Impairment loss)/Reversal of impairment on:						
(i) loan & receivables	63	-	-	-	-	63
- Fair value gain/(loss) on quoted shares	(2,510)	-	-	-	-	(2,510)
- Share options expenses	(301)	-	-	-	-	(301)

Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2023

B1) Review of Performance

Individual Period (Quarter 3)	Current Quarter	Preceding Year Corresponding Quarter	Changes	
	31.12.2023 RM '000	31.12.2022 RM '000	RM '000	%
Revenue				
Fabrication and automation	7,516	15,233	(7,717)	(51)
Renewable energy and property letting	162	163	(1)	(1)
Gloves	526	1,030	(504)	(49)
Others	-	-	-	-
	<u>8,204</u>	<u>16,426</u>	(8,222)	(50)
Profit/(Loss) before tax				
Fabrication and automation	(378)	5,144	(5,522)	(107)
Renewable energy and property letting	178	158	20	13
Gloves	1,032	(9,508)	10,540	(111)
Others	(2,110)	6,640	(8,750)	(132)
	<u>(1,278)</u>	<u>2,434</u>	(3,712)	(153)

Current Quarter

The Group posted revenue of RM8.20 million for the current quarter ended 31 December 2023, representing a decrease of 50% as compared to RM16.43 million recorded in the corresponding quarter ended 31 December 2022. The decrease in revenue was mainly due to lower revenue in fabrication and automation segment and lower order from sale of medical gloves. Fabrication and automation segment posted lower revenue by RM7.72 million mainly due to:-

- (i) Fabrication business: lower number of orders from contract manufacturers and textile machines maker.
- (ii) Sheet metal and automation business: lower number of orders in the sheet metal business and lower delivery of vending machines.

Glove segment posted lower revenue by RM0.50 million mainly due to lower units sold, offset with higher average selling price for gloves. Meanwhile, sale of solar energy to Tenaga Nasional Berhad was consistent at RM0.2 million.

The Group recorded pre-tax loss of RM1.28 million for the current quarter as compared to pre-tax profit of RM2.43 million in the corresponding quarter. Fabrication and automation segment reported pre-tax loss of RM0.38 million for the current quarter as compared to pre-tax profit of RM5.14 million in the corresponding quarter mainly due to lower mark-to-market gain on quoted investments of RM0.48 million (Q3 FY2023: RM4.14 million), as well as a weaker operational performance. Renewable energy and property letting segment reported better performance mainly due to lower depreciation charges.

Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2023

B1) Review of Performance (Cont'd)

Current Quarter (cont'd)

Glove segment reported pre-tax profit of RM1.03 million for current quarter as compared to RM9.51 million pre-tax loss in the corresponding quarter mainly due to RM2.06 million gain on waiver from settlement with a previous gas supplier, couple with lower gross loss incurred and lower production costs and fixed overhead. Other segment reported pre-tax loss of RM2.11 million for current quarter as compared to RM6.64 million pre-tax profit in the corresponding quarter is mainly due to higher share of losses in associates of RM2.49 million (Q3 FY2023: RM6.79 million share of profits in associates).

Cumulative Period (Quarter 3)	Preceding Year		Changes	
	Current Year to-date	Corresponding Quarter		
	31.12.2023	31.12.2022		
	RM '000	RM '000	RM '000	%
Revenue				
Fabrication and automation	26,138	40,885	(14,747)	(36)
Renewable energy and property letting	517	521	(4)	(1)
Gloves	1,062	8,821	(7,759)	(88)
Others	-	-	-	-
	<u>27,717</u>	<u>50,227</u>	(22,510)	(45)
(Loss)/Profit before tax				
Fabrication and automation	(4,319)	(4,536)	217	(5)
Renewable energy and property letting	511	470	41	9
Gloves	(2,835)	(24,831)	21,996	(89)
Others	(10,065)	7,553	(17,618)	(233)
	<u>(16,708)</u>	<u>(21,344)</u>	4,636	(22)

Cumulative Period

The Group posted revenue of RM27.72 million for the cumulative quarter ended 31 December 2023, which was 45% lower than RM50.23 million recorded in the corresponding cumulative quarter ended 31 December 2022. The decrease in revenue was mainly due to lower revenue in fabrication and automation segment and lower order from sale of medical gloves. Fabrication and automation segment posted lower revenue by RM14.75 million mainly due to:-

- (i) Fabrication business: lower number of orders from contract manufacturers and textile machines maker.
- (ii) Sheet metal and automation business: lower number of orders in the sheet metal business and lower delivery of vending machines.

Glove segment posted lower revenue by RM7.76 million mainly due to lower average selling price and lower demand from glove customers. Meanwhile, sale of solar energy to Tenaga Nasional Berhad was consistent at RM0.5 million.

Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2023

B1) Review of Performance (Cont'd)

Cumulative Period (Cont'd)

The Group recorded pre-tax loss of RM16.71 million for the cumulative quarter ended 31 December 2023, representing a decrease of 22% as compared to pre-tax loss of RM21.34 million in the corresponding cumulative quarter. Fabrication and automation segment reported lower pre-tax loss by RM0.22 million mainly due to lower mark-to-market loss on quoted investments of RM0.55 million (Q3 FY2023: RM2.51 million), offset with a lower operational performance. Glove segment reported lower pre-tax loss by RM22.00 million mainly due to lower gross loss incurred and lower production costs and fixed overhead, coupled with RM2.06 million gain on waiver from settlement with a previous gas supplier. Other segment reported pre-tax loss of RM10.07 million for the current cumulative quarter as compared to RM7.55 million pre-tax profit in the corresponding cumulative quarter. This was mainly due to higher share of losses in associates of RM10.12 million (Q3 FY2023: RM9.19 million share of profits in associates), off-set with lower finance cost of RM Nil (Q3 FY2023: RM0.84 million for revolving credit facility).

B2) Material Change in the Profit before Taxation of Current Period Compared with the Immediate Preceding Period

	Current Quarter	Immediate Preceding Quarter	Changes	
	31.12.2023	30.09.2023	RM '000	%
	RM '000	RM '000		
Revenue				
Fabrication and automation	7,516	9,290	(1,774)	(19)
Renewable energy and property letting	162	167	(5)	(3)
Gloves	526	263	263	100
Others	-	-	-	-
	8,204	9,720	(1,516)	(16)
Profit/(Loss) before tax				
Fabrication and automation	(378)	440	(818)	186
Renewable energy and property letting	178	161	17	11
Gloves	1,032	(1,331)	2,363	(178)
Others	(2,110)	(4,967)	2,857	(58)
	(1,278)	(5,697)	4,419	78

Q3 FY2024 vs Q2 FY2024

The Group posted revenue of RM8.20 million for the current quarter ended 31 December 2023, representing a decrease of 16% as compared to RM9.72 million recorded in the preceding quarter ended 30 September 2023.



B2) Material Change in the Profit before Taxation of Current Period Compared with the Immediate Preceding Period (Cont'd)

Q3 FY2024 vs Q2 FY2024 (Cont'd)

Fabrication and automation segment reported lower sales mainly due to lower orders from contract manufacturers and sheet metal business. Glove segment reported higher sales of medical gloves due to higher units sold. Meanwhile, sale of solar energy to Tenaga Nasional Berhad was consistent at RM0.2 million.

The Group recorded pre-tax loss of RM1.28 million for the current quarter, representing an decrease of 78% as compared pre-tax loss of RM5.69 million recorded in the preceding quarter. Fabrication and automation segment reported higher pre-tax loss by RM0.82 million mainly due to lower mark-to-market gain on quoted shares by RM0.48 million (Q2 FY2024: RM 1.39 million). Gloves segment reported higher pre-tax profit by RM2.36 million in Q3 FY2024 mainly due to RM2.06 million gain on waiver from settlement with a previous gas supplier. Other segment reported lower pre-tax loss by RM2.11 million in Q3 FY2024 mainly due to lower share of losses in associates of RM2.49 million (Q2 FY2024: RM4.43 million), coupled with higher unrealised gain on foreign exchange of RM0.47 million (Q2 FY2024: RM0.24 million unrealised loss) and with lower finance cost of RM NIL million (Q2 FY2024: RM0.31 million).

B3) Prospects

Fabrication and automation business

The manufacturing sector is projected to grow by 4.2% in 2024 driven by better performance in both export and domestic-oriented industries. Export-oriented industries are expected to benefit from the recovery of external demand, particularly in the Electrical and Electronics segment, driven primarily by memory products, aligning with the resurgence in demand for technologically advanced products. Looking ahead to 2024, inflation is expected to remain moderate, though risks to this outlook are contingent upon changes in domestic policies regarding subsidies and price controls, as well as fluctuations in global commodity prices and financial market dynamics. Malaysian manufacturers are also wary of potential risks such as rising energy costs and fluctuations in the value of the Ringgit currency.

The Group will maintain a cautious approach to its manufacturing operations, prioritising operational efficiency to reduce costs and sustain its growth. As of to-date, the Group's unaudited revenue for 9 months ended December 2023 plus backlog orders to be delivered recorded at RM38.56 million, representing approximate 76.62% of the segment revenue achieved in FY2023.



Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2023

B3) Prospects(Cont'd)

Glove business

Since venturing into glove-making business in 2020, the Group has set up 10 production lines in its glove manufacturing plant at Chemor, Perak. The Group has also obtained relevant qualifications and certifications including CE marking certification, US FDA 510(k) certification and Halal certificate to be able to compete in the glove market.

The glove business outlook continues to be challenging in view of the normalisation of gloves demand and glove average selling prices as well as rising production cost structure. The Group has not been able to secure sufficient orders from customers to sustain its operation. In view of this, the Group is scaling down its glove-making operation and will evaluate various options on the future direction of the glove business, such as leasing the glove-making facilities for rental incomes.

B4) Profit forecast or profit guarantee

Not applicable as the Group did not publish any profit forecast.

B5) Qualification of Preceding Audited Financial Statements

There was no qualification to the preceding audited financial statements for the financial year ended 31 March 2023.

Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2023

B6) Profit/(Loss) Before Tax

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.12.2023 RM '000	31.12.2022 RM '000	31.12.2023 RM '000	31.12.2022 RM '000
Included in the profit/(loss) before tax is after charging/(crediting):-				
Property, plant & equipment:-				
(i) Depreciation	2,337	2,565	6,935	7,655
(ii) (Gain)/Loss on disposal	93	-	(25)	-
Right-of-use assets:-				
(i) Depreciation	643	454	1,952	1,357
Fair value (gain)/loss on quoted shares	(483)	(4,136)	654	2,510
(Reversal of)/Allowance for impairment loss on loan & receivables	41	(32)	72	(63)
Rental income	(153)	(153)	(459)	(464)
Distribution income on money market instruments	(33)	-	(121)	-
Interest income	(3)	(665)	(361)	(1,254)
Interest expense	189	993	1,264	2,822
Gain on disposal of quoted shares	-	-	(104)	-
Rental expense of premises	1	(15)	43	129
Loss/(Gain) on foreign exchange:				
- realised	(92)	(90)	(282)	(341)
- unrealised	(366)	771	(890)	1,121
Share options expenses	-	-	478	301



Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2023

B7) Taxation

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.12.2023 RM '000	31.12.2022 RM '000	31.12.2023 RM '000	31.12.2022 RM '000
Corporate tax income/(expense)	(256)	(4)	(262)	(15)
Deferred tax income/(expense)	-	-	-	-
	<u>(256)</u>	<u>(4)</u>	<u>(262)</u>	<u>(15)</u>

The effective tax rate for current period is lower than the statutory income tax rate mainly due to losses suffered by the Company and certain subsidiaries as well as the availability of tax allowances to offset the taxable income of certain subsidiaries.

B8) Status of Corporate Proposals

Save as disclosed below, there were no other corporate proposals announced but not completed at the latest practicable date which is not earlier than seven (7) days from the date of issue of this interim financial report:-

- 1) On 31 October 2023, TA Securities Holdings Berhad (“TA Securities”), on behalf of the Company announced that the Company proposes to undertake the following:
 - (i) proposed consolidation of every 30 existing ordinary shares in the Company (“ATS Shares”) held by the shareholders of the Company on an entitlement date to be determined and announced later, into 1 ATS Share (“Proposed Share Consolidation”); and
 - (ii) proposed reduction of the issued share capital of the Company by RM260 million pursuant to Section 116 of the Companies Act 2016 (“Proposed Share Capital Reduction”).

Bursa Securities had, vide its letter dated 23 November 2023, approved the following:

- (i) Proposed Share Consolidation;
- (ii) Listing and quotation of up to 241,838,584 Consolidated Shares (assuming all of the 469,053,650 outstanding Warrants C are exercised into new ATS Shares prior to the implementation of the Proposed Share Consolidation); and
- (iii) Listing and quotation of up to 15,635,121 Consolidated Warrants C (assuming none of the 469,053,650 outstanding Warrants C are exercised prior to the implementation of the Proposed Share Consolidation).



Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2023

B8) Status of Corporate Proposals (Cont'd)

The Proposed Share Consolidation and the Proposed Share Capital Reduction approved by the shareholders at an extraordinary general meeting convened on 22 December 2023.

On 12 January 2024, TA Securities, on behalf of the Company announced that the Share Consolidation has been completed following the listing and quotation of 226,192,659 Consolidated Shares and 15,634,256 Consolidated Warrants C on the ACE Market of Bursa Securities.

On 22 January 2024, TA Securities, on behalf of the Company announced that the Company had 22 January 2024, via its legal counsel, filed a petition to the Court in relation to the Share Capital Reduction.

B9) Material Litigation

Saved as disclosed below, there were no material litigations involving the Group as at the date of this interim financial report and the directors of the Group do not have any knowledge of any proceeding pending or threatened involving the Group which might materially and adversely affect the financial position or business of the Group.

On 26 June 2020, AT Glove Engineering Sdn. Bhd. ("AGESB"), a wholly-owned subsidiary of the Company entered into a share sale agreement with Hai Hong Capital Sdn Bhd, P'ng Sim Guan, P'ng Lai Heng, Hai Hong Holdings Sdn Bhd and Aaron Khoo Teng Soon (collectively the "Vendors") for the acquisition by AGESB of the entire issued share capital of Pearl Glove (Malaysia) Sdn Bhd ("Pearl Glove") ("SSA"), pursuant to which AGESB had paid a deposit and advances totaling RM4.4 million. Due to the non-fulfilment of the conditions precedent under the SSA, AGESB had on 11 November 2020 issued a notice of termination to the Vendors, and requested for the refund of the deposit and advancement. As at to-date, the Vendors have yet to refund the deposit and advancement to AGESB.

Following the above, a civil suit was commenced by AGESB (as Plaintiff) against the Vendors (as Defendants) on 31 December 2020 at the High Court of Malaya, Kuala Lumpur. The civil suit was subsequently transferred to the High Court of Penang following an application made by the Defendants which was heard on 11 March 2021 at the High Court of Malaya, Kuala Lumpur. The High Court of Penang has initially fixed the trial for the case from 5 December 2022 to 7 December 2022. The trial dates for the case was subsequently changed to 12 August 2024 to 14 August 2024 by the High Court of Penang.



Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2023

B10) Borrowings and Debts Securities

	Non-Current RM '000	Current RM '000	Total RM '000
As at 31.12.2023			
<u>Secured</u>			
Finance lease payables	3,951	1,726	5,677
Term loans	3,341	1,619	4,960
Revolving credit	-	-	-
Bank overdraft	-	-	-
	7,292	3,345	10,637
As at 31.12.2022			
<u>Secured</u>			
Finance lease payables	3,532	2,231	5,763
Term loans	6,928	1,268	8,196
Revolving credit	-	65,850	65,850
Bank overdraft	-	273	273
	10,460	69,622	80,082
		31.12.2023	31.12.2022
		%	%
The weighted average interest rate are as follows:			
Finance lease payables		3.22	3.33
Term loans		5.26	4.93
Revolving credit		-	4.15
Bank overdraft		7.35	7.10
Proportion of borrowings between:			
Fixed interest rates		53%	7%
Floating interest rates		47%	93%

All the Group's borrowings are denominated in RM.

B11) Dividend

There was no dividend declared or paid for the current period under review.

Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2023

B12) Earnings/(Loss) per Share

The basic and diluted earnings per share are computed as follows: -

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		9 Months Ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
(a) Basis earnings per share				
Profit/(Loss) attributable to the owners of the Company (RM'000)	(1,533)	2,430	(16,970)	(21,359)
Weighted average number of ordinary shares in issue ('000)	3,411,593	6,000,622	6,786,104	5,994,724
Basic earnings/(loss) per share (sen)	<u>(0.04)</u>	<u>0.04</u>	<u>(0.25)</u>	<u>(0.36)</u>
(b) Diluted earnings/(loss) per share				
Profit/(Loss) attributable to the owners of the Company (RM'000)	(1,533)	2,430	(16,970)	(21,359)
Weighted average number of ordinary shares in issue ('000)	3,411,593	6,000,622	6,786,104	5,994,724
Adjusted for Warrants C ('000)	-	-	-	-
Adjusted for share options ('000)	-	-	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	<u>3,411,593</u>	<u>6,000,622</u>	<u>6,786,104</u>	<u>5,994,724</u>
Diluted earnings/(loss) per share (sen)	<u>(0.04)</u>	<u>0.04</u>	<u>(0.25)</u>	<u>(0.36)</u>

Notes:

- (1) The diluted loss per share is equivalent to the basic loss per share as the Company's warrants and share options had an anti-dilutive effect on the basic loss per share.

B13) Authorisation for Issue

The interim financial report was authorised for issue on 29 February 2024 by the Board of Directors.